



**Testimony of Hartford HealthCare
Submitted to the
Finance, Revenue and Bonding Committee
Tuesday, April 21, 2015**

HB 7058, An Act Concerning the Hospital Tax

Hartford HealthCare appreciates this opportunity to submit testimony in support of HB 7058, An Act Concerning the Hospital Tax.

Hartford HealthCare is an integrated health system that offers the full continuum of care with five acute-care hospitals (Backus, Hartford, Hospital of Central Connecticut, MidState, and Windham), air-ambulance service, behavioral health and rehabilitation services, skilled-nursing and visiting-nurse services and a number of services for seniors, including senior-living facilities.

This is a time of unprecedented change in healthcare, and Connecticut hospitals are leading the charge to change the way care is provided. Hartford HealthCare is focused on providing safe, accessible, equitable, affordable, patient-centered care for all and we are finding innovative solutions to integrate and coordinate care to better serve our patients and communities.

The hospital tax was adopted in 2011 and began operating in state fiscal year 2012. Its original purpose was to provide a small amount of financial assistance to the hospitals (approximately \$50 million a year) and significant help to the state (approximately \$150 million a year). It worked originally through the following mechanism: hospitals paid \$350 million in taxes and received back \$400 million in payments. However by the second fiscal year the distribution back to the hospitals was reduced and continues to be cut back significantly every year. Hartford HealthCare, through its 5 acute care hospitals, paid over \$73 million to the state in FY '14 and received back less than a third of that amount. Next year Hartford Healthcare's tax payment to the state will be \$80 million.

We understand the complexity and the tough choices required that come when creating budgets and we know that health care makes up a big chunk of the state budget. The proposed budget includes a cut of \$40 million to Hartford HealthCare over two years. We've had to cope with a series of staggering cuts in government funding in recent years. In 2013 Hartford HealthCare lost \$111 million in state funding and \$16 million from additional federal reductions. Hartford HealthCare has had to make many difficult choices as a result of these past cutbacks – closing programs, reducing hours of services and cutting staff.

These cuts coupled with an increasing provider tax are too deep, they are cuts to state money that help us care for our poorest residents – families and individuals who need us most. The proposed cuts would reduce Medicaid payments to our 5 acute care hospitals by \$37 million over two years.

Percentage of Medicaid Patients for FY 14:

- Backus – 22% inpatient, 22% outpatient, 46% births
- Hartford Hospital - 23% inpatient, 37% outpatient, 35% births
- Hospital of Central Connecticut - 29% inpatient, 54% births

- MidState – 22% inpatient, 29% outpatient, 50% births
- Windham- 20% inpatient, 17% outpatient, 60% births

Thank you for raising this bill. Now is the time to act to preserve patient care, protect jobs and reduce the cost of care in Connecticut. Please support HB 7058.

Thank you for your consideration of our position. For additional information, contact Kim Harrison at 860-263-4137